

ERC GLOBAL EDITORIAL ADVISORY COMMITTEE

CHALLENGES IN AFRICA

Conducting any business in a known environment, within a culture that is understood is always a challenge, but venturing out into the unknown is a challenge that comes with far greater risk factors.

There are many areas of concern, resulting in a great measure of research being required to establish many critical facts before starting any operation in Africa.

The cultural diversity in Africa must be considered as a major factor, as no company can succeed without ensuring that the culture in any specific country is understood and respected.

It is estimated that there are over 800 languages spoken in Africa. In South Africa alone we have 11 official languages : English, Afrikaans, Tsonga, Xhosa, Ndebele, Southern Sotho, Zulu, Tswana, Venda, Northern Sotho and Venda.

As South African organizations expanding into the rest of Africa, we have many challenges in understanding and working with the diverse languages and cultures we need to work with in the foreign countries.

What is culture? It is the “way things are done here”. These differences are found in practically all everyday activities such as:

- Language
- Religious practices
- Dress code and clothing
- Education
- Meals and foodstuffs
- Games and leisure activities

Some cross-cultural challenges are:

Switching from a bureaucratic approach to a relationship-building approach.
Getting used to more autocratic procedures and a more hierarchical system.
Being in a less straightforward and more political organizational environment.
Dealing with a paternalistic attitude.
Individualism versus Collectivism
Specific versus Context-oriented.
Tolerance of ambiguity.
Time concept.

Living in familiar, well-structured and predictable environments makes understanding easy..... the meaning of expressions, gestures and behaviours is clear. We can decipher them on autopilot.

Once we encounter different environments, we have to make an effort to understand what is going on. We have to learn new things and expand our thinking.

There are three general responses to the foreign situation:

- **A Colonialist** - not reacting to the foreign culture.
- **An Imperialist** - forcing your value system and way of thinking onto the foreign culture. Not adapting and not seeing any need to change
- **An Internationalist / Interculturalist** - fully aware of the complexity and ambiguity of exchanges in foreign cultures. Adapting and changing your thinking and attitude and looking for compromise between cultures. Respecting the diversity and finding solutions.

Hofstede defined culture as:

“a software of the mind”

‘a collective programming of the mind that distinguishes the members of one group or category of people from another’.

It is critical to the success of the organisation that all these factors are considered before venturing into unknown cultures.

Values are the basic foundation of any culture in any country.

Values are deep-rooted attitudes that have a significant influence on people’s behaviour. They express what people really believe in, their attitudes towards the most important topics in life (their part in society, attitudes towards relationships, time and nature). Values will determine how we feel, think and behave and reflect our cultural background. Values are influenced by the history of a group or nation. They are learnt as part of socialisation: what a child may or may not do; what behaviour towards authority should be like; what is right or wrong - good or bad - beautiful or ugly.

IT IS THE UNDERSTANDING OF DIFFERENT VALUES THAT WILL BRING US CLOSEST TO CROSS-CULTURAL EFFECTIVENESS.

In order to understand how other people think, it is vital to understand their value system - by **first** understanding our own value system.

PHYSICAL AND LOGISTICAL CHALLENGES:

Technological

- Isolation
- Remoteness

Lack of reliable basic support infrastructures :

- Roads
- Electricity
- Communication
- Water
- Logistics
- Airfreight challenges

Most of these are taken for granted in first world countries, and are not considered when planning expansion. In Africa there are not daily flights in and out of the country, meaning staff movement severely impacts on the ability to meet deadlines and deliver according to business plans.

Spare parts and consumables are not available the next day, as they may have to be freighted from another country, taking a few weeks or longer to arrive. Forward planning is of the utmost importance to ensure that the business is able to continue with stocks on hand.

Utilities are not as reliable as you may be accustomed to, with regular power outages, and communication breakdowns.

RISK FACTORS

Government may change legislation regarding work permits, visas, duration of assignments or extension of assignments. Quotas have to be approved by authorities.

Tax laws may change – and not all countries have double taxation agreements with the home countries of all Expats. Employers must at all times ensure compliance.

Political unrest, inter-religious groups, faction fights, ethnic disturbances

Weather conditions, rainy seasons, arid conditions and volcanoes

Currency restrictions – exchange control rulings for moving both individual and corporate funds out of the country. These differ in each country.

Medical factors such as malaria and tropical diseases, plus the standard of medical facilities and availability of ambulances, as well as the distances between remote areas and the state of the roads.

Incorrect diagnosis is often experienced, due to the lack of equipment.

REMUNERATION CONCERNS

Globally Expatriate Remuneration remains one of the biggest challenges for organisations. The shift from International to global business is still evolving, creating new concerns and issues to be dealt with.

Factors such as Location (or Hardship) allowances and Cost of Living allowances are still vital, in order to provide legally and intellectually justifiable methodologies in arriving at the final package offered to Expats.

This data is researched by specialist organisations that conduct regular research across the world.

Location (hardship) allowances are arrived at by ranking all countries, against a specific home country to the host country. This is done on a variety of factors such as climate, health, culture, goods and services, language, religion, isolation, housing and education, security risks, social and political tensions

Cost of Living is the difference between the cost of a basket of goods in the home country as compared to the cost of the same basket of goods in the host country.

All of these have a major impact on the total cost to the company for all assignees.

Most salaries are offered net in a common hard currency, which is predominantly USD in Africa.

However, with the decline in the strength of the USD, and the volatile currencies across Africa, this is becoming more and more of an issue, resulting in Expats demanding that they have their home currencies protected.

The administration of such methodology is tremendous, given that each payroll would result in running conversions of many different home currencies against the selected hard currency.

The cost to the company of benefits is very high – usually doubling the cost of pure salary – if not even higher.

Most Expats are given free housing, a vehicle, full furnishing, schooling, flights home once or twice per annum for the whole family, DSTV, e-mail in the home, and in some countries, domestic workers, gym contracts and drivers.

The company also pays medical aid, medical evacuation insurance, pension contributions and life insurance.

Given these exorbitant costs, it is vital that the company protect the investment not only in the business, but in the people too.

There are many different reasons for an employer to deploy expatriates to foreign countries.

Organisational objectives may vary from establishing a new company in the host country; skills transfer; governance; mentorship; or career advancement for the assignee.

The duration of assignment will be determined by the Company's business requirement, taking into account the task to be achieved, and the longer term impact on the company in the host country. Skills availability in the host country in Africa is a big factor, as the labour market provides highly qualified graduates with very little to no work experience.

Culture transfer from the Head Office is another reason, when a specific culture is to be entrenched into the new company. This is when it is critical for the incumbent to understand the culture of the country and the values of the local nationals in that country if they intend to succeed

Should the assignment be purely to advance the career of the assignee, then a different remuneration philosophy is applied, as they are not specialists going out to train the local nationals, but they are going for their own development.

As can be seen, it is imperative that the company research and plan in great detail the specific cultural, economic and physical differences between their home country and the intended host country.

The better the understanding of the environment in which any company may wish to expand into, and the greater the planning and preparation, the greater the chances are

of successful integration into the foreign country, and the overall success of the business.

By doing so, all companies can invest in and grow with the local nationals in every country they expand into.

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